

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 7-8, 2006

Reference No.: 2.5c.(12)
Action Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Norma Ortega
Division Chief
Budgets

Subject: **FINANCIAL ALLOCATION FOR ONE LOCALLY-ADMINISTERED STIP
TRANSPORTATION ENHANCEMENT PROJECT ON THE STATE HIGHWAY
(SUPPLEMENTAL)
RESOLUTION FP-05-**

RECOMMENDATION:

The Department of Transportation (Department) recommends the California Transportation Commission (Commission) approve the following resolution allocating \$400,000 in supplemental funds for one State Transportation Improvement Program (STIP) Transportation Enhancement (TE) project, contingent upon passage of the FY 2006-07 Budget Act.

ISSUE:

The attached vote list describes one locally-administered STIP TE projects for \$400,000. The project was originally voted in March 2006 for \$1,010,000 for Construction. The city of Rancho Cordova is requesting an additional \$400,000 to award the project. The Sacramento Area Council of Governments (SACOG) is requesting that the supplemental funds be allocated from their RIP shares. The Department has reviewed the project and concludes that it is consistent with the Commission approved STIP priority list, contingent upon passage of the FY 2006-07 Budget Act.

FINANCIAL RESOLUTION:

Resolved, that \$400,000 be allocated from the Budget Act of 2006, Budget Act Items 2660-301-0042 and 2660 301-0890, for one locally-administered STIP TE project, as described on the attached vote list, contingent upon passage of the FY 2006-07 Budget Act.

Attachment

2.5 Highway Financial Matters

Project # Allocation Amount Recipient County Dist-Co-Rte Postmile	Location Project Description Reason for Supplemental Funds	EA PPNO Budget Year Prgm Codes Program	State Federal Current Budget Amount	Additional Allocation	Revised Fund Amount Revised Total Amount
2.5c.(12) Locally Administered STIP Transportation Enhancement Project (SUPPLEMENTAL)					Resolution FP-05-
1 \$400,000 City of Rancho Cordova SACOG 03-Sacramento Senate: 6 Assembly: 10	US 50 at Mather Field Road Interchange. In Sacramento, at Route 50/Mather Field Road Interchange and Mather Field Road between Folsom Boulevard and the Mather Commerce Center. Landscape, streetscape, and lighting.	2E2408 03-2L66 RIP TE / 05-06 2004-05 301-0042 301-0890 20.30.600.731	\$115,847 \$894,153		\$115,847 \$894,153
	The project was voted in March 2006 for \$1,010,000 for Construction. The City of Rancho Cordova is requesting an additional \$400,000 to award the project. Sacramento Area Council of Governments (SACOG) is requesting that the supplemental funds be allocated from their RIP shares.	2006-07 301-0042 301-0890 20.30.600.731	\$1,010,000	\$45,880 \$354,120 \$400,000	\$45,880 \$354,120 \$1,410,000
Contingent upon passage of the FY 2006-07 Budget Act					

May 22, 2006

Ms. Marian Bergeson
Chair
California Transportation Commission
1120 N Street, Room 2221 (MS-52)
Sacramento, CA 95814

Dear Ms. Bergeson:

The Sacramento Area Council of Governments (SACOG) asks the California Transportation Commission to approve an allocation of \$400,000 in supplemental funds to allow award of a contract to the low bidder for City of Rancho Cordova's Mather Field interchange landscaping project (# 3N-Sac-2L66).

Project Scope and Cost:

This project would install irrigation, landscaping, and lighting around the interchange at Mather Field Road and U.S. 50 in Rancho Cordova, Sacramento County. The interchange is a 6-ramp spread diamond configuration with two interior loops, with 12 acres of landscaped area. No recycled water hookup is available for the project.

Current cost to build the project comes to \$1,960,000, including construction engineering and water supply fees. The Commission in March 2006 allocated the amount programmed in the State Transportation Improvement Program (STIP): \$1,010,000 in Federal Transportation Enhancement funds (including match). Current cost exceeds the STIP amount by 94%, the supplemental funds represent a 40% increase in STIP cost, and the City is contributing \$550,000 in local funds as well. SACOG notes that with the City share now in the project, the Commission can allocate 100% of the \$1,410,000 STIP amount as Federal Transportation Enhancements funds without state match included, and the City funds can serve as match for the entire STIP amount.

Funding Status:

The project was programmed in the 1998 STIP for \$60,000 for project support and \$1,010,000 for construction, to be built by County of Sacramento. The support funds were allocated in 2001, and for various reasons project construction was delayed by four years in the STIP, with no change in the program amount. The City of Rancho Cordova incorporated in 2002, inherited the project, completed the design, and the Commission in March 2006 voted the

Auburn
Citrus Heights
Colfax
Davis
El Dorado County
Elk Grove
Folsom
Galt
Isleton
Lincoln
Live Oak
Loomis
Marysville
Placer County
Placerville
Rancho Cordova
Rocklin
Roseville
Sacramento
Sacramento County
Sutter County
West Sacramento
Wheatland
Winters
Woodland
Yolo County
Yuba City
Yuba County

\$1,010,000 originally programmed for construction. The City received two bids on April 6, 2006: the low bid came in at \$1,688,000, which combined with construction engineering and water connection costs raises the City's cost to complete the project to \$1,960,000.

After examining the bids, the City believes that itemized costs in the two bids accurately represent current construction costs. In fact the City's own final project cost estimate came in at \$1,700,000, after adjusting 1998 cost estimates to 2006, and the City advertised the project hoping it would get a bid somewhat below that amount. The City does not expect to get lower bids if it readvertised, and wants to award a contract to the low bidder.

The City of Rancho Cordova, a new city, has no property tax reserves and limited gas tax reserves. The City approached SACOG, bringing \$550,000 in city funds and asking SACOG to provide an additional \$400,000 from the STIP. SACOG's Board approved the City's request on May 18.

The low bid from Watkin & Bertolussi is good for 90 days, to July 5, 2006.

Reasons For Cost Increase:

The City of Rancho Cordova's bid analysis showed four main items where the original 1998 estimates were way low for today's typical costs, accounting for almost \$500,000 (70%) of higher cost:

Site clearance and grading	\$347,000	vs.	\$ 58,000	(600% over)
Project startup (mobilization)	\$125,000	vs.	\$ 32,000	(290% over)
Irrigation system	\$130,000	vs.	\$ 78,000	(65% over)
Asphalt (colored)	<u>\$109,000</u>	vs.	<u>\$ 68,000</u>	(60% over)
	\$711,000		\$236,000	

The City's analysis of the two bids indicated that the bids received are more in line with present costs than the 1998 estimates on which STIP programming was based. The grading bid reflects increased fuel costs, the mobilization reflects contractor cash flow needs and risks, and the irrigation and asphalt reflect increased materials costs.

Funding Options Considered:

The City considered four options:

1. Seeking additional funding to complete the project as designed;
2. Rebidding the project to try to get lower bids;
3. Cutting project scope, which essentially meant eliminating trees and plants; and
4. Dropping the project and leaving the interchange unlandscaped.

Mather Field interchange serves as the western gateway to the City of Rancho Cordova, when approaching from the direction of Sacramento. The City was unwilling to downgrade or eliminate the project and continue the existing barren impression for those entering the City from

the U.S. 50 freeway, and the interchange sits in a low, excavated area where erosion control is an important consideration along with appearance.

Recommended Option:

The City of Rancho Cordova prefers option #1 above, but cannot cover the additional \$950,000 by itself. SACOG wants to see projects that it programmed in past STIPs completed, and thus also prefers option #1. With a shared objective, SACOG approved an advance of \$400,000 from a future SACOG regional STIP share and the City added \$550,000 as a city share, to allow award of the low bid contract to complete the Mather Field landscaping project. SACOG asks the Commission to approve the supplemental STIP funds as the final step to complete project funding.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike McKee", with a stylized, flowing script.

Mike McKeever
Executive Director

MM:PH:gg